

Franchise Tax Board**NO ANALYSIS REQUIRED**Author: Campbell Analyst: Colin Stevens Bill Number: AB 7Related Bills: See prior analysis Telephone: 845-3036 Amended Date: 1/28/99Attorney: Doug Bramhall Sponsor: _____**SUBJECT:** Exclusion/Gain From Sale Of Capital Assets Held For 5 Years Or More

- _____ ANALYSIS NOT REQUIRED of this bill -- Not within scope of responsibility of this department.
- _____ TECHNICAL BILL -- No program or fiscal changes to existing program.
- _____ BILL AS AMENDED NO LONGER WITHIN SCOPE of responsibility or program of the department.
- _____ TECHNICAL AMENDMENT - No change in previously submitted analysis required. Approved position of prior analysis is _____.
- X MINOR AMENDMENT - No change in previously submitted analysis required. Approved position of prior analysis is pending.
- _____ MINOR AMENDMENT - No change in approved position of _____. See comments below.
- _____ OTHER - See comments below.

COMMENTS:

Under the Personal Income Tax Law (PITL) and the Bank and Corporation Tax Law (B&CTL), this bill would exclude from income any gain from the sale or exchange of a capital asset held by a taxpayer for five years or more.

For purposes of calculating the vehicle license fee, this bill also would require that estimates of General Fund revenues include an amount equal to the additional revenue the Department of Finance estimates would be deposited in the General Fund for the relevant fiscal year if the exclusion provided in this bill had not been enacted.

The January 28, 1999, amendments adopted an amendment suggested in the department's prior analysis to resolve a minor implementation concern. The January 28 amendments also added the provision regarding General Fund revenues, which does not impact the Franchise Tax Board.

Except for the change noted above, the department's analysis of the bill as introduced December 7, 1998, still applies, including the revenue estimate and the policy and remaining implementation concerns.

Board Position:

_____ S	_____ NA	_____ NP
_____ SA	_____ O	_____ NAR
_____ N	_____ OUA	<u>X</u> PENDING

Franchise Tax Board Staff

Date

Colin Stevens**2/22/1999**